



What is the Arizona Beer Bill?

Working together, the Arizona Craft Brewers Guild and Beer and Wine Distributors of Arizona have drafted legislation that allows microbreweries to grow beyond the current 40,000 barrel limit, but not cause them to forfeit the retail licenses they hold or let go employees. Doing so will promote growth in the industry while strengthening the three-tier regulatory system. The current production cap should be updated to reflect the incredible growth of this industry and the enormously positive economic impact of microbreweries.

To provide further stability, microbreweries under the 40,000 barrel limit will be limited to holding a total of 7 retail licenses, while today they can hold an unlimited number. Craft brewers producing over 40,000 barrels may not add more retail licenses or continue to self-distribute unless to their own adjacent retail licenses. Additionally, the bill will allow microbreweries to sell beer produced or manufactured by other microbreweries for on-premise consumption, but cannot exceed 20% of the licensee's annual sale of beer on the premises.

Why do we need the Arizona Beer Bill?

The law needs to be updated to enable microbreweries to continue their success and make Arizona competitive with other states. We have had tremendous growth in this industry in Arizona, and we need legal stability and certainty to continue this growth. Currently, craft breweries that produce less than 40,000 barrels per year are classified as microbreweries. This allows them to open restaurants, pubs, and have limited self-distribution rights, while larger breweries (also called producers) can brew an unlimited amount of beer, but cannot own and operate off-site restaurants or pubs. However, state law dictates that when a microbrewery produces more than 40,000 barrels per year they are then re-licensed as a producer, but it is unclear what happens to their restaurants, pubs, and employees, putting these successful businesses at risk. This solution will ensure that as craft breweries graduate from microbreweries into producers they won't be forced to close or sell the restaurants and pubs that are vital to their business and have proven to be instrumental in growing the craft brewing industry and creating jobs across Arizona.

When will Arizona Legislators vote on the Arizona Beer Bill?

Our legislation will be introduced at the Arizona Legislature at the next regular legislative session, which begins on January 12, 2015. Initial voting is likely to occur in late January or early February.

Who supports the Arizona Beer Bill?

The Arizona Beer Bill is fully supported by all 11 member companies of the Beer and Wine Distributors of Arizona, all 57 microbrewers who make up the Arizona Craft Brewers Guild, the many bars, restaurants and taverns that comprise the Arizona Licensed Beverage Association, along with other members of the alcohol industry. As we move along with the process, we hope to obtain more support from other industry and business associations. You can see a full list of our supporters here ([hyperlink to supporter section](#)).

Who opposes the Arizona Beer Bill?

The only known opposition to the proposed legislation is the Arizona Wine and Spirits Wholesale Association (AWSWA), consisting of three major wine and spirits wholesalers: Alliance Beverage Distributing, Southern Wine and Spirits, and Young's Market. Contrary to some reports, the large national brewing companies, including Anheuser Busch InBev, are not opposing the proposal. The AWSWA has cited concerns about how the bill would affect the integrity of the three-tier system, a concern they did not have when changes to the system last year positively affected farm wineries and microdistilleries, local industries that both the Guild and BWDA fully support. This double-standard reveals what their opposition is really about – marketplace competition.

Does the bill create an unfair advantage for microbreweries?

The opponents of the bill have suggested that microbreweries have special privileges and that they will have unfair advantages. This is not true. Small breweries have the ability to own restaurants and pubs so that they can market their beer. These are small businesses that are frequently family-owned companies trying to break into a very competitive market. Most microbreweries produce less than 3,000 barrels of beer and are not a threat to the rest of the industry. In fact, the influx of microbreweries has helped create excitement for other producers, and has provided new products for distributors and retailers. The bill eliminates the success penalty for small businesses and puts Arizona on a similar competitive playing field with states like Colorado and Oregon.

How can we support the bill?

You may call or email your legislators and say that you are in support of the Arizona Beer Bill. They need to know that the craft beer industry is important to Arizona voters and vital to the Arizona economy. Please continue to visit our website and follow us on Facebook and Twitter. We will keep you updated and ask for your help.

What is the three-tier system?

Arizona's three-tier system of regulating alcohol production and sales is time-tested and it benefits consumers by generating tremendous choice in alcohol products. Craft brewers benefit because as they grow they can partner with independent distributors who invest in new brands to market and sell to retailers across the U.S.

Is the problem the three-tier system?

Repealing the three-tier system would certainly not solve the problem. In fact it would probably make it worse for craft breweries and consumers. Separation and independence between the three tiers is very beneficial because it ensures against marketplace domination by a few huge players and foster fairness and good faith dealing. An independent middle tier is what allows smaller, newer products the chance to enter the market and become discovered by consumers. Without independent distributors, especially those that make up the Beer and Wine Distributors of Arizona, hundreds of brands of craft beer would not be available at local restaurants, pubs, or grocery stores.

What are other states doing about this?

Many states recognize that craft beer is a growing industry that leads to a significant amount of job creation and tax revenue. This is particularly true in our neighboring states such as Colorado, California, Oregon and Washington where craft beer laws allow for growth – and not suppression – of an exciting American industry that is experiencing rapid growth and job creation.

What is the craft brewing economic impact in Arizona?

Arizona craft brewers and distributors are creating jobs and growing our economy. Unlike most industries, craft brewing grew throughout the recession at a rate of more than 20% per year. Brewing, distributing, and retail supported 20,430 jobs, \$606,325,300 in wages, and have a total economic contribution of \$1,256,473,300.¹ Craft brewing alone had a \$664 million impact in Arizona alone in 2012 and created 3,486 jobs in Arizona.² In fact, a recent study by the Beer Institute found that each brewery job supports 45 additional jobs. From farmers to factory workers, and truck drivers to tavern owners, beer puts people to work.

Who are the Beer and Wine Distributors of Arizona?

The Beer and Wine Distributors of Arizona (“BWDA”) is a professional trade association established in 1944 representing 11 independent beer distributors across Arizona. The BWDA member companies are: Canyon Distributing, Crescent Crown Distributing, Finley Distributing, Golden Eagle Distributors, Hensley Beverage Company, Ill Counties Distributing, Nackard Beverage, Northland Beverage, Romer Beverage, Romer Beverage Yuma, and Southern Arizona Distributing. For further information on BWDA, please visit www.bwdaz.com or contact Steve Barclay, Executive Director, at steve@bwdaz.com

Who is the Arizona Craft Brewers Guild?

The Arizona Craft Brewers Guild was established in 1998 and represents 57 microbreweries across the state. The Guild promotes the craft brewing industry in Arizona by providing educational opportunities to brewers, distributors and consumers. The Guild promotes quality craft beers and the responsible consumption of those products. For further information on The Arizona Craft Brewers Guild, please visit www.craftbeeraz.com or contact Rob Fullmer, Executive Director at rob@craftbeeraz.com

¹ http://www.beerinstitute.org/assets/map-pdfs/Beer_Economic_Impact_AZ.pdf

² https://www.brewersassociation.org/attachments/0000/9191/AZ_Guild_Economic_Impact_020612_FINAL.pdf